



## **STATE ELECTIONS ENFORCEMENT COMMISSION**

### **TERMINATION INFORMATION FOR CANDIDATES FOR MUNICIPAL ELECTION WHO WERE UNSUCCESSFUL IN A 2011 PRIMARY**

**This fact sheet is intended to assist unsuccessful primary candidates, candidate committees of candidates unsuccessful in a primary, and political slate committees of candidates who were all unsuccessful in a primary with the termination process. It does not provide legal advice.**

**It is not intended as a definitive interpretation of either Connecticut campaign finance laws concerning termination as found in Chapter 155 of the Connecticut General Statutes or the SEEC regulations.**

**Please contact your Candidate Services Liaison if you have any questions or concerns regarding committee termination or any of the topics discussed.**

#### **Post-Primary Expenditures**

Committees are subject to statutory requirements concerning surplus distribution. Committees are permitted to make nominal expenditures for winding-up the campaign, including:

- utility bills, rent and other unpaid liabilities;
- costs for photocopying campaign financial records;
- reasonable moving expenses related to closing campaign office space;
- staffing for a short time after the primary for reasonable costs related to winding up the committee; and
- “thank you” notes and “thank you” advertising.

#### **Obtaining and Keeping Copies of all Records**

- The treasurer must keep copies of all committee records, including internal records and documents to substantiate receipts and expenditures made or incurred, for four years after the date the committee files its final disclosure statement.
- Prior to termination, the treasurer should obtain copies of **all** checks written by the committee as well as all checks received as contributions and keep those copies in the committee records. It is best to start this process as early as possible, as banks do not always maintain copies of checks indefinitely.
- The cost to obtain copies from the campaign’s depository or another source is a permissible campaign expenditure.
- If the candidate prefers to keep these records instead of the treasurer, she may obtain them from him and assume this recordkeeping responsibility. Committee funds may not be used to pay for storage. Contact your Candidate Services Liaison with any questions about recordkeeping.



## Treasurer's Best Practices

- Review all expenditures incurred or obligated to be made, and follow up with the vendors or service providers to make sure the committee pays all outstanding payments before terminating and closing down the bank account.
- Keep contact information for all primary day workers and make sure they promptly cash compensation checks.
- Track all outstanding committee checks and urge vendors to cash these promptly.

## Termination Filing Schedule – [see calendar for Periods Covered](#)

- |  |                          |
|--|--------------------------|
| • October 10 <sup>th</sup> Filing:*  | <b>October 11, 2011</b>  |
| Committees may opt to file their 30 Days Following Primary report on or before this date in lieu of the October 10 filing as long as the period covered includes through 10/06/11. |                          |
| • 30 Days Following Primary:*  | <b>October 13, 2011</b>  |
| • Final Deadline for Deficit Filing (if applicable):   | <b>December 12, 2011</b> |
| • Final Deadline for Termination Report (if applicable):   | <b>December 19, 2011</b> |

\*Any committee of an unsuccessful candidate in the primary that has eliminated any deficit or distributed any surplus may terminate at or before this time by filing a Termination Report in lieu of this report.

## Timing of Termination

A committee **cannot** terminate until it has:

- (1) paid all expenses previously incurred but not yet paid;
- (2) sold equipment purchased by the committee (or distributed, if applicable);
- (3) distributed surplus funds (if any) according to the law; and
- (4) eliminated deficit (if any) according to the law.

Once a committee has distributed its surplus, it has seven days to file its termination statement. A committee with surplus must distribute its surplus no later than **December 12, 2011**.

**CAUTION:** If it appears that any committee check may not clear before the final distribution deadline, call your Candidate Services Liaison to discuss options.

## Sale of Committee Equipment

After the primary, the law requires unsuccessful candidate committees and political slate committees of candidates who were all unsuccessful to sell their surplus equipment (e.g. furniture, computers, cameras, fax machines, printers, cell phones) prior to termination. These items must be sold at fair market value and the campaigns should use their best efforts to reasonably estimate this value. Committees can look to the marketplace (by contacting vendors and/or looking to the Internet) to determine the current average cost of the item. The law permits sale of these items to any person, which includes sale to individuals (including the candidates), committees, corporations, partnerships, organizations, or associations.

The committee should keep an internal record of how fair market value was determined as well as a receipt for the sale. Where the transaction is not at arms-length, careful documentation about how the treasurer determined



fair market value becomes even more important in a post-election audit. The proceeds from the sale of these items are reported in **Section K** (Miscellaneous Monetary Receipts not Considered Contributions) of **SEEC Form 20**. In the “Description” field, the treasurer should provide a brief description of each item sold as well as the original purchase date.

**Please note:** Committees may also distribute their equipment directly to a charitable organization under Section 501(c)(3) of the Internal Revenue Code. The committee treasurer should keep internal records to document all surplus distribution, including surplus money and surplus equipment.

## Distribution of Surplus Funds

Prior to termination, committees must pay all outstanding debts, distribute equipment (as described above) and **distribute all surplus funds** remaining in their bank accounts to either:

- (1) an **ongoing political committee** which has not been established to finance future political campaigns of the candidate;
- (2) a **party committee**;
- (3) all **contributors** on a **pro rata** basis by contribution;
- (4) a **charitable organization under Section 501(c)(3) of the Internal Revenue Code**; or
- (5) the **Citizens’ Election Fund**.

**Please note:** A committee is responsible for determining whether an organization is a 501(c)(3) organization prior to distributing any surplus funds to said organization.

**As noted above:** Once a committee has distributed its surplus it has **seven days** to terminate by filing a termination statement using **SEEC Form 20**. This statement must report the distribution of surplus in **Section P (Expenses Paid by Committee)** using the code **SRPLS**.

The deadline for a committee of an unsuccessful primary candidate or candidates to distribute its surplus is **December 12, 2011** and the deadline to file the termination statement is **December 19, 2011**.

## Deficits

The committee must remain in existence until it eliminates its deficit and may continue to raise funds after the election solely for that purpose. In addition to the “paid for by” and “approved by” attributions, any solicitation by written communication for contributions to pay down a deficit must include a statement that the funds sought are to eliminate a deficit.

**Please note:** The contribution limits do *not* reset if a candidate is in a deficit. Accordingly, a contributor who has already reached his or her contribution limit cannot contribute to eliminate your deficit.

The treasurer of a committee with a deficit must file a deficit statement using the SEEC Form 20 by **December 12, 2011** indicating the amount of the deficit and including an itemized accounting of all receipts and expenditures since the committee’s last financial statement. After this initial deficit statement, the treasurer is required to file an additional statement on the 7th day of any succeeding month when there is an increase or decrease in the deficit that is **greater than \$500** from the last filed disclosure statement. The filing deadline for such a supplemental deficit statement is on the 7th day of the next succeeding month. The treasurer must file a final termination statement using SEEC Form 20 on the **7th day of the next succeeding month** following elimination of the deficit.

*For questions about post-election or termination issues, contact your Candidate Services Liaison at (860) 256-2985.*